

§ 1843. Exemption from taxation for income derived from sources within Commonwealth

(a) Taxable years beginning after December 31, 1978, but not after January 1, 1985

Except as provided in subsection (c) of this section, any person, including an individual, trust, estate, partnership, association, company, or corporation, which is a resident of or which is organized under the laws of the Commonwealth of the Northern Mariana Islands and which is subject to the provisions of section 601 of the Covenant to Establish the Commonwealth of the Northern Mariana Islands in Political Union with the United States (Public Law 94-241), shall be exempted from the requirements of such section with respect to income derived from sources within the Commonwealth of the Northern Mariana Islands for taxable years beginning after December 31, 1978, until, but not after, January 1, 1985. Nothing in this section shall be construed as relieving such person from the obligation to comply with the requirements of section 601 with respect to income derived from sources outside of the Commonwealth of the Northern Mariana Islands.

(b) Taxable years beginning after December 31, 1980, and before January 1, 1982

Except as provided in subsection (c) of this section, any person, including an individual, trust, estate, partnership, association, company, or corporation, which is a resident of or which is organized under the laws of the Commonwealth of the Northern Mariana Islands and which is subject to the provisions of section 601 of the Covenant to Establish the Commonwealth of the Northern Mariana Islands (Public Law 94-241), shall be exempt from the requirements of such section with respect to income from sources within the Northern Mariana Islands for its taxable year beginning after December 31, 1980, and before January 1, 1982: *Provided*, That the Secretary receives written notice from the Governor of the Northern Mariana Islands not later than September 30, 1980, that sections 1, 2, 3, 4, and 5 of chapter 2 of Public Law 1-30 of the Commonwealth of the Northern Mariana Islands or its successor, have been repealed in their entirety, effective December 31, 1981.

(c) Tax rebates

As provided in section 602¹ of Public Law 94-241 (90 Stat. 263, 270) the term "rebate of any taxes" shall, effective January 1, 1985, apply only to the extent taxes have actually been paid pursuant to section 601¹ of said Act, shall not exceed the amount of tax actually paid for any tax year, and may only be paid following the close of the tax year involved. Notwithstanding any other provision of law, effective January 1, 1985, the Commonwealth of the Northern Mariana Islands shall maintain, as a matter of public record, the name and address of each person receiving such a rebate, together with the amount of the rebate, and the year for which such rebate was made.

(Pub. L. 96-205, title II, §205, Mar. 12, 1980, 94 Stat. 87; Pub. L. 96-597, title III, §303(a), Dec. 24,

1980, 94 Stat. 3478; Pub. L. 98-213, §3(a), (b), Dec. 8, 1983, 97 Stat. 1459.)

REFERENCES IN TEXT

The Covenant, referred to in subsecs. (a) and (b), is the Covenant to Establish a Commonwealth of the Northern Mariana Islands in Political Union with the United States of America, which is contained in section 1 of Pub. L. 94-241, set out as a note under section 1801 of this title.

Public Law 94-241, referred to in subsecs. (a) and (b), is Pub. L. 94-241, Mar. 24, 1976, 90 Stat. 263, as amended, which is classified generally to subchapter I (§1801 et seq.) of this chapter. For complete classification of this Act to the Code, see Tables.

Sections 601 and 602 of Public Law 94-241, referred to in subsec. (c), probably mean sections 601 and 602 of the Covenant, because Pub. L. 94-241 does not contain a section 601 or 602.

CODIFICATION

Section was formerly set out as a note under section 1681 of this title.

AMENDMENTS

1983—Subsec. (a). Pub. L. 98-213, §3(a), substituted "1985" for "1983".

Subsec. (c). Pub. L. 98-213, §3(b), amended subsec. (c) generally. Prior to amendment, subsec. (c) read as follows: "It is the sense of Congress that the term 'rebate' as used in section 602 of Public Law 94-241 does not permit the abatement of taxes."

1980—Subsec. (a). Pub. L. 96-597 substituted "until, but not after, January 1, 1983." for "and before January 1, 1981."

SUSPENSION OF PROHIBITION OF ABATEMENT OF TAXATION IN COMMONWEALTH OF NORTHERN MARIANA ISLANDS

Pub. L. 96-597, title III, §303(b), Dec. 24, 1980, 94 Stat. 3478, provided that provisions of subsec. (c) of this section were suspended and were of no force or effect until Jan. 1, 1983.

§ 1844. Political union between Territory of Guam and Commonwealth of Northern Mariana Islands

In the event that a political union is effected at a future time between the Territory of Guam and the Commonwealth of the Northern Mariana Islands, the Federal Government and each of its agencies is authorized and directed to assure that—

(i) there will be no diminution of any rights or entitlements otherwise eligible to said territory and Commonwealth in effect on the effective date of such union,

(ii) there will be no adverse effect on any funds which have been or may hereafter be authorized or appropriated for said territory or Commonwealth, as of the effective date of such union, or

(iii) no action is taken that would in any manner discourage such unification.

Whenever any discrepancy exists or arises between the benefits available for either said territory or Commonwealth under any policies or programs authorized by law (including, but not limited to, any formulas for matching grants-in-aid or comparable programs or benefits), the most favorable terms available to either said territory or Commonwealth shall be deemed applicable to said unified area after the effective date of unification.

¹ See References in Text note below.